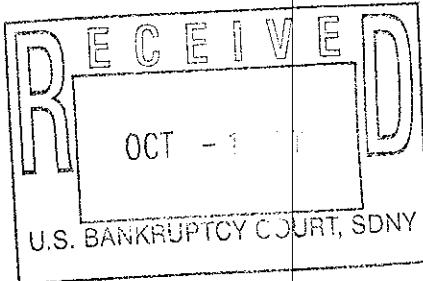


**LEHMAN BROTHERS**

29 September 2009

62259SLHH

**With courier**

Clerk of the United States Bankruptcy Court  
Attn: Lehman Brothers Holdings Claims Processing  
One Bowling Green  
NY 10004 New York  
USA

**First report to creditors****Online data room IntraLinks to replace letters by post – activation of your personal account**

Dear Sir or Madam,

Please find attached for your information the first report to creditors.

The liquidator has set up an online data room (hereinafter called "IntraLinks") whereby creditors may obtain further information and communications from the liquidator with regards to the liquidation of Lehman Brothers Finance AG ("LBF").

All relevant information regarding the insolvency process of Lehman Brothers Finance AG, in liquidation from the liquidator to the creditors and their representatives will be made available on this web based, secured virtual data room. The creditors and their representatives can access the information stored on the data room with a corresponding log-in and password.

**To set up your personal IntraLinks account, we require a valid and personal email address from each creditor and from each legal representative.** In order to ensure that the contact information in our database is accurate, we kindly ask you to complete the required fields on the attached form and send it back to the liquidator by email to: [intralinks@lbf-inliq.ch](mailto:intralinks@lbf-inliq.ch) or by facsimile: +41 44 287 88 62 **prior to close of business 16 October 2009**. You will then receive your personal username and password as well as the user manual.

**With effect from 1 November 2009, the IntraLinks data room will replace all official communication letters by post from the liquidator.** IntraLinks will not replace public information from the FINMA (Swiss Financial Market Supervisory Authority), in particular communication in the Swiss Official Commercial Gazette (SHAB).

Kind regards,

Lehman Brothers Finance AG, in liquidation

PricewaterhouseCoopers AG as appointed liquidators of Lehman Brothers Finance AG, in liquidation

Christiana Suhr Brunner

Pascal Portmann

Copy to: Messrs. Daniel Roth and Michel Chappuis, FINMA

62259SLHH

Clerk of the United States Bankruptcy Court  
One Bowling Green  
NY 10004 New York  
USA

### **Request for LBF IntraLinks Login and Password for Creditors**

*Creditor Name:* **Lehman Brothers Holdings Inc.**

*Contact Person Last Name: (\*)* .....

*Contact Person First Name: (\*)* .....

*Personal Telephone Number: (\*)* .....

*Email-Address for log-in: (\*)* .....

(\*) required information

*Additional information (e.g. if you were not the original creditor of LBF):*

.....  
.....  
.....

With my signature I herewith confirm my capacity as a declared creditor of LBF

.....  
(Signature)

Please send this form back prior to close of business on 16 October 2009 in either one of the following ways:

- Per Email: [intralinks@lbf-inliq.ch](mailto:intralinks@lbf-inliq.ch)
- Per Facsimile: +41 44 287 88 62

**FIRST REPORT**

of

**PricewaterhouseCoopers AG, Zurich**  
**as appointed liquidators**

**TO THE CREDITORS**

of

**Lehman Brothers Finance S.A., Zurich, in liquidation**

**25 September 2009**

First Report of PricewaterhouseCoopers AG, Zurich, as appointed liquidators, to the creditors  
of Lehman Brothers Finance S.A., Zurich, in liquidation - 25 September 2009

## INTRODUCTION

The following summary report serves the sole purpose of providing information to the creditors of Lehman Brothers Finance AG, in Liquidation, Zurich ("LBF"). No warranty is given as to the actuality, accuracy, adequacy and consistency or quality of the information contained herein. This summary report serves the objective of giving a brief overview to the creditors and, thus, can not provide a full picture. The figures mentioned hereinafter are provisional and may be subject to changes. The statements made in this summary report are not, and must not be interpreted as, acknowledgement of any legal obligation or claim. Any liability of LBF, PricewaterhouseCoopers AG, Zurich ("PwC"), Niederer Kraft & Frey AG and other advisors for damages caused by the use of any deficient or incomplete information is explicitly excluded.

This English summary is a translation of the German original. In the event of any inconsistency, the German version will prevail.

### A. OVERVIEW

#### I. LEHMAN BROTHERS FINANCE AG ("LBF")

- (1) LBF is a company of the Lehman Brothers group ("Lehman Group"). The purpose of LBF was to enter into OTC derivatives transactions with shares or share indices as underlyings ("equity derivatives"). Approximately 50% of all equity derivatives traded by the entire Lehman Group were booked in LBF, in particular equity derivatives whose disbursement formulae were highly complex. LBF's contractual partners were practically all professional market participants.
- (2) The Lehman Group was one of the world's largest investment banks and had its headquarters in New York. On 15 September 2008, Lehman Brothers Holdings Inc., New York ("LBHI"), the parent company of the Lehman Group, applied for bankruptcy protection under Chapter 11 of the US Bankruptcy Code. Insolvency proceedings were subsequently initiated for further companies of the Lehman Group ("Group Companies").

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of Lehman Brothers Finance S.A., Zurich, in liquidation - 25 September 2009

(3) With effect as per 22 December 2008, the Swiss Federal Banking Commission (“EBK”), now the Swiss Financial Market Supervisory Authority (“FINMA”), opened bankruptcy proceedings against LBF within the meaning of the Swiss Stock Exchange and Securities Dealer Statute in conjunction with Art. 25 et seq. of the Swiss Banking Statute. PwC was appointed as the bankruptcy liquidator for LBF.

(4) In order to implement the bankruptcy proceedings, it was important to have the Swiss bankruptcy proceedings recognised by the US courts under Chapter 15 of the US Bankruptcy Code. In its decision of 11 March 2009, the competent court made LBF subject to proceedings pursuant to Chapter 15 of the US Bankruptcy Code.

**II. COLLAPSE OF THE ORGANISATION OF LBF AND ESTABLISHMENT OF THE ORGANISATION FOR THE PURPOSE OF LIQUIDATION**

(5) Prior to 15 September 2008, LBF had been closely integrated into the Lehman Group and dependent to a large extent on the support of employees of other Group Companies. LBF’s transactions were largely concluded, processed and booked by employees of other Group Companies.

(6) Due to the collapse of the Lehman Group, LBF was not in the position to enter into new transactions, settle transactions, liquidate the majority of its assets, make payments or manage risks. This removed the basis of LBF’s business model.

(7) For these reasons, PwC first had to build up a completely new organisation and infrastructure in the period following 15 September 2008, in order to be able to implement the liquidation of LBF. LBF initially was entirely, and continues to be in part, dependent on the data processing systems of the Lehman Group. It had no systems of its own. Therefore, data extracts had first to be secured and the necessary access to systems agreed. While it was possible to secure some important data, the procurement of data and documentation and their processing and evaluation remain a great challenge to this day. Overall, however, functioning infrastructure has been created that is largely independent of third parties. The connection to the Lehman network will be maintained.

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(8) The aim of the bankruptcy liquidator is to co-operate with the receivers, liquidators and trustees of the other Group Companies with the objective, amongst other things, of processing the bankruptcy proceedings in an efficient manner as possible. The bankruptcy liquidator would also like to be able to utilise experience, information and systems available to other Group Companies. For these reasons, the *Insolvency Protocol*, a declaration of intent by various Group Companies regarding their cooperation, has been signed.

**III. ASSETS OF THE BANKRUPT ESTATE**

(9) Cash assets of LBF per 31 August 2009, are approx. CHF 473 million.

(10) LBF's main assets comprise of securities. These were held by Lehman Brothers International (Europe), London ("LBIE") as Global Custodian. LBIE, to date, has not acknowledged the ownership title of LBF to these securities and, for the purpose of clarification, has submitted certain legal questions in this regard to the English courts. Because of the disputed issue of ownership and the fact that, on the one hand, it has not yet been possible to carry out a mutual re-conciliation of the assets and, on the other hand, LBF is not currently able to dispose of the assets, their value cannot be reliably ascertained for the foreseeable future. Moreover, based on the facts currently known, a considerable part of the securities claimed by LBF were issued by other Group Companies that is now insolvent.

(11) In addition, there are claims from terminated OTC derivatives transactions. A few contractual partners have recognised claims by LBF to the amount of approx. CHF 130 million, but have not yet paid them. Furthermore, there are non-terminated OTC derivatives transactions most of which, according to our assessment, show a positive market value for LBF. For any assignment of such transaction, new contractual partners must be found who would pay LBF an appropriate counter-performance for the transaction.

**IV. BANKRUPTCY CLAIMS**

(12) Creditors outside the Lehman Group have registered claims amounting, according to their own valuation, to approx. CHF 3.1 billion from derivatives transactions.

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(13) Prior to May 2007, LBF also issued warrants and certificates. In connection with securities such as these, creditors have registered claims amounting to approx. CHF 38 million.

## V. CLAIMS AND LIABILITIES VIS-À-VIS GROUP COMPANIES

(14) To date, Group Companies have registered claims amounting, according to their own calculation, to approx. CHF 49.5 billion. According to LBF documents, very large claims exist for the bankrupt estate against Group Companies as well as liabilities.

(15) The largest claims by LBF exist against Lehman Brothers Securities N.V., Curaçao, and Lehman Brothers Treasury B.V., Amsterdam, which are derived from equity derivatives and warehousing transactions. LBF has also registered other claims in insolvency proceedings in respect of other Group Companies. Insolvency proceedings have been initiated against all these Group Companies mentioned. It cannot at the present time be assessed whether the claims will retain their value. Furthermore, the issue is under review as to whether a guarantee undertaking by LBHI for liabilities of the Group Companies can be asserted.

(16) In the LBF bankruptcy proceedings, LBIE has submitted a claim of approx. CHF 33.4 billion, indicating that the registered claim is a gross claim, i.e. that counter-claims by LBF, including those under various master agreements, have not been taken into account. The basis stated for the largest part of the gross claim registered by LBIE, approx. USD 18.9 billion, is securities lending transactions. LBIE has also registered a gross claim of approx. USD 8.7 billion from derivative transactions, in which transactions with a positive market value for LBF have been disregarded. The bankruptcy liquidator does not assume, as far as can be ascertained to date, that the claim by LBIE is in the amount registered.

(17) LBHI has registered a claim of approx. CHF 14.9 billion. Complex legal issues are raised by the financing of LBF by LBHI and the organisational and decision-making structures of the Lehman Group.

(18) Lehman Brothers Special Financing, New York, with a claim for approx. CHF 414 million, and Lehman Brothers Japan Inc., Tokyo, with a claim of approx. CHF 659

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million, have also registered large claims in the LBF bankruptcy proceedings. Other Group Companies have also registered claims.

**B. OUTLOOK**

- (19) It is not possible at present to make any forecast regarding any possible bankruptcy dividend. In particular, the claims by LBF to the handing over of securities and the question as to whether LBF has counter-claims against LBHI still await legal clarification. It can be assumed that several crucial issues will be the subject of various court proceedings in several countries. It is not possible at present to give any reliable prognosis as to the prospects for success or the risks involved. This is compounded by the problems posed in connection with the determination and assessment of asset values.
- (20) Accordingly, the work of the bankruptcy liquidator will for the time being focus on obtaining control and possession] of these assets. This will consist primarily in matching transaction data to counter-parties on the one hand, and valuing matched transactions on the other.
- (21) Owing to the fact that the bankruptcy proceedings are closely meshed with many such proceedings in other countries, and because of the high degree of interdependency of processes and systems in the Lehman Group and of transactions within the Group, the great complexity of the transactions that have been closed and the sheer number of creditors involved, the bankruptcy liquidator anticipates that the proceedings will last several years.

\* \* \*

Zurich, 25 September 2009